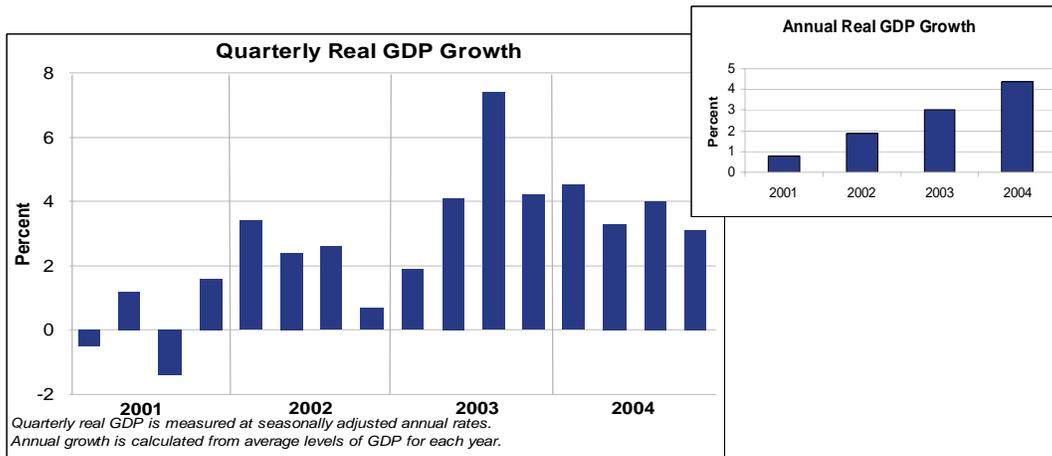


**ECONOMIC GROWTH SLOWS IN Q4 BUT IS UP FOR THE YEAR***"Advance" estimate of GDP*

Economic growth slowed in October-December 2004, according to estimates released today by the U.S. Bureau of Economic Analysis. For the entire year, growth stepped up. (GDP, or gross domestic product, is the most comprehensive measure of U.S. economic activity.)

In the fourth quarter, GDP increased at an inflation-adjusted annual rate of 3.1 percent after increasing 4.0 percent in the third quarter. For the year, GDP grew 4.4 percent compared with 3.0 percent in 2003; growth in 2004 was the highest since 1999.

**Fourth-quarter highlights**

The slowdown in fourth-quarter GDP mainly reflected the following:

- The trade deficit increased; exports of goods turned down, and imports of goods accelerated.
- Consumer spending slowed, increasing 4.6 percent after increasing 5.1 percent in the previous quarter; purchases of motor vehicles decelerated.

In contrast, GDP growth was boosted by inventory investment, which pulled down growth in the third quarter.

Prices paid by U.S. residents increased 2.7 percent, following an increase of 1.9 percent. Excluding food and energy, prices increased 1.9 percent, after increasing 1.7 percent.

Real disposable personal income increased 8.4 percent after increasing 2.0 percent, boosted by a special dividend payment made by the Microsoft Corporation. (For more information, see the FAQs on the Microsoft special dividend on BEA's Web site: <[www.bea.gov](http://www.bea.gov)>).

**2004 highlights**

- Business investment was the largest contributor to the step-up in GDP growth, reflecting an upturn in business inventories and a step-up in equipment and software.
- Consumer spending also contributed to the step-up in GDP growth, reflecting accelerations in purchases of services and of nondurable goods.
- Real disposable personal income increased 3.4 percent after increasing 2.3 percent.
- Prices increased 2.4 percent after increasing 2.0 percent.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states and industries—are available on its Web site: <[www.bea.gov](http://www.bea.gov)>.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a revised estimate of fourth-quarter GDP on February 25, 2005.

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